GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2028
ANSWERED ON:13.03.2007
PRICE RISE
Singh Shri Ganesh

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether his Ministry has been held responsible for the rising in prices in the country by the Ministry of Finance;

(b) if so, whether his Ministry has announced that there is now better situation prevailing in the country;

(c) if so, the basis on which his Ministry has made such announcement; and

(d) the steps taken by the Government to curb the trend of rising in prices?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR)

(a) : No, Sir.

(b)& (c):The Department of Industrial Policy & Promotion (DIPP) in the Ministry of Commerce & Industry releases the Wholesale Price Index (WPI) and rate of inflation based on WPI every week. According to this data, the rate of inflation had declined for two consecutive weeks during February 2007, as per details given below:

Press Release dated	For week ending	Wholesale Price Index	WPI based rate of Inflation (%)
16th February, 07	3rd February, 2007	209.2	6.73
23rd February, 07	10th February, 2007	209.2	6.63
2nd March, 07	17th February, 2007	208.6	6.05

(d): The recent steps taken by Government to control inflation inter alia include:

Reduction in retail prices of petrol by Rs. 2 per litre and diesel by Re. 1 per litre in November 2006 and again in February 2007.

State Trading Corporation contracting for import of 55 lakh tonnes of wheat to supplement domestic availability, of which 49.4 lakh tonnes had arrived by February 13, 2007.

As against the normal applicable duty of 50 per cent, allowing private trade to import wheat at 5 per cent duty from June 28, 2006, and at zero duty from September 9, 2006.

Decision to release up to 4 lakh tonnes of wheat under Open Market Sale Scheme in February and March 2007.

Ban on export of wheat from February 9, 2007.

Reduction in customs duty on import of pulses to zero on June 8, 2006.

Ban on export of pulses with effect from June 22, 2006.

NAFED importing 49,300 tonnes of pulses. Under a new contract executed by NAFED in December 2006 to import 30,000 tonnes of pulses, 10,675 tonnes had been shipped by February 13, 2007.

To contain volatility in the futures prices of wheat, sugar and pulses, Forward Markets Commission (FMC) has imposed limits on open position, reduced limits on daily fluctuations and imposed additional/special margins.

Ban on futures trading in tur and urad from January 24, 2007, wheat and rice from February 28, 2007.

Reduction in import duty on palm group of oils by 10 percentage points in August 2006 and by a further 10-12.5 percentage points in January 2007. Maintaining tariff value for assessing import duty unchanged at July 2006 level.

In the Budget 2007-08, crude as well as refined edible oils have been exempted from additional counterveiling duty of 4 percent. Duty on sunflower oil, both crude and refined, has been reduced by 15 percent.

Ban on export of skimmed milk powder.

Reserve Bank of India took measures to reduce liquidity in the system by increasing the cash reserve ratio and repo rates.